

PROPERTY TAX APPEAL BOARD'S DECISION

APPELLANT: Rush North Shore Medical Center
DOCKET NO.: 06-20962.001-C-1
PARCEL NO.: 10-36-327-029

The parties of record before the Property Tax Appeal Board (hereinafter PTAB) are Rush North Shore Medical Center, the appellant, by attorney Scott Shudnow with the law firm of Shudnow & Shudnow in Chicago and the Cook County Board of Review.

The subject property consists of an 18,750 square foot parcel of land improved with a 43-year old, two-story, masonry constructed, commercial building. The improvement contains 11,592 square feet of rentable area. The appellant, via counsel, argued that the market value of the subject property is not accurately reflected in the property's assessed valuation as the basis of this appeal.

In support of the market value argument, the appellant submitted an appraisal of the subject property with an effective date of January 1, 2006. The appraiser used the three traditional approaches to value to arrive at market value of \$510,000. The appraiser determined that the highest and best use to be its current use.

(Continued on Next Page)

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds a reduction in the assessment of the property as established by the Cook County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$ 94,406
IMPR.: \$ 99,394
TOTAL: \$193,800

Subject only to the State multiplier as applicable.

PTAB/0671JBV

In the cost approach to value, the appraiser reviewed the sales of seven comparables to determine a value for the land of \$13.25 per square foot or \$248,437, rounded, which is the same value placed on the land by the assessor. Using the *Marshall Valuation Computerized Cost Service*, the appraiser estimated a replacement cost new for the improvement of \$1,236,749. The appraiser estimated indirect costs at 3% and entrepreneurial incentive at 10% for a final replacement cost of \$1,397,526. The appraiser then determined depreciation from all causes at 81.8% for a value of \$254,349 for the improvement. The depreciated value of the site improvements of \$5,600 and value of the land was then added in for a final value under the cost approach of \$510,000, rounded.

In the income approach, the appraiser reviewed the rent of four comparable properties and established a range of \$15.00 to \$24.00 per square foot of building area. After adjustments and the inclusion of income from other sources, the appraiser determined a potential gross income for the subject of \$193,207. The appraiser then applied an 18% vacancy & collection factor for an effective gross income (EGI) from all sources of \$158,430. Expenses were then estimated at \$68,872 and \$13,717 was deducted for leasing commissions, tenant improvements and reserves for replacement for a net operating income of \$80,840. Using the band of investments, market analysis and published sources, the appraiser applied a loaded capitalization rate of 15.9% for a total value based on the income approach of \$510,000, rounded.

Under the sales comparison approach to value, the appraiser examined four suggested comparables located in the subject's market. The comparables consist of a one to two-story, masonry commercial building. The comparables range in age from 36 to 49 years, with one age unknown, and in size from 9,600 to 18,000 square feet of net rentable area. The properties sold from July 2003 to January 2005 for prices ranging from \$490,000 to \$1,125,000 or from \$31.94 to \$70.83 per square foot of building area. The appraiser made several adjustments to the comparables. Based on this, the appraiser determined the subject property's value using the sales comparison approach to be \$520,000 rounded.

In reconciling the approaches to value, the appraiser gave primary emphasis to the income approach and minimal consideration was given to the sales comparison approach for a final value for the subject as of January 1, 2006 of \$510,000.

The appellant submitted rebuttal evidence arguing that the board of review's evidence is not sufficient and does not refute the appellant's appraisal. At hearing, the appellant's attorney, Scott Shudnow, argued that the appraisal was the best evidence of the subject's market value and that the board of review's

comparables were flawed. Mr. Shudnow argued that there was no appraisal submitted by the board of review and that the sales comparables submitted were not adjusted for differences between them and the subject property. Mr. Shudnow then argued the flaws of each suggested comparable submitted by the board of review.

The board of review submitted "Board of Review-Notes on Appeal" wherein the subject's total assessment was \$220,247. The subject's assessment reflects a market value of \$579,597 using the level of assessment of 38% for Class 5A property as contained in the Cook County Real Property Assessment Classification Ordinance. The board also submitted raw sale information for a total of six properties suggested as comparable to the subject. These comparables are all located within the subject's market and are improved with two-story, masonry, commercial buildings. These buildings range in age from 22 to 44 years, with two ages unknown, and in size from 10,000 to 18,000 square feet of rentable area. The comparables sold from January 2002 to September 2006 for prices ranging from \$621,000 to \$2,500,000 or from \$62.10 to \$208.33 per square foot of rentable area. As a result of its analysis, the board requested confirmation of the subject's assessment. At hearing, the board of review's representative rested on the evidence submitted.

After considering the evidence and reviewing the testimony, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of this appeal.

When overvaluation is claimed the appellant has the burden of proving the value of the property by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331Ill.App.3d 1038 (3rd Dist. 2002); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179 (2nd Dist. 2000). Proof of market value may consist of an appraisal, a recent arm's length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. 86 Ill.Admin.Code 1910.65(c). Having considered the evidence presented, the PTAB concludes that the evidence indicates a reduction is warranted.

In determining the fair market value of the subject property, the PTAB finds the best evidence to be the appellant's appraisal. The appellant's appraiser utilized the three traditional approaches to value in determining the subject's market value. The PTAB finds this appraisal to be persuasive for the appraiser: has experience in appraising; personally inspected the subject property and reviewed the property's history; estimated a highest and best use for the subject property; utilized appropriate market data in undertaking the approaches to value; and lastly,

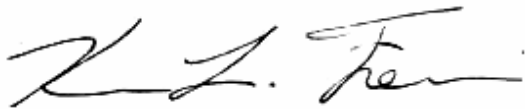
used similar properties in the sales comparison approach while providing sufficient detail regarding each sale as well as adjustments that were necessary. The PTAB gives little weight to the board of review's comparables as the information provided was raw sales data with no adjustments made and failed to include necessary information.

Therefore, the PTAB finds that the subject property contained a market value of \$510,000 for the 2006 assessment year. Since the market value of the subject has been established, the Cook County Real Property Classification Ordinance level of assessment of 38% will apply. In applying this level of assessment to the subject, the total assessed value is \$193,800 while the subject's total assessed value of \$220,247 is above this amount. Therefore, the PTAB finds that a reduction is warranted.

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.



Chairman



Member



Member



Member



Member

DISSENTING: _____

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: April 25, 2008



Clerk of the Property Tax Appeal Board

IMPORTANT NOTICE

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board's decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.